BY ORDER OF THE COMMANDER
AIR FORCE RESERVE COMMAND

AIR FORCE RESERVE COMMAND POLICY DIRECTIVE 21-1

1 May 2000

Maintenance

AIR FORCE RESERVE COMMAND (AFRC) AIR FORCE COST ANALYSIS IMPROVEMENT GROUP (AFCAIG) COST PER FLYING HOUR (CPFH) PROGRAM

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SUMMARY OF REVISIONS

This revision deletes reference to System Support Division (SSD) (paragraph 2.1) and updates the attachment, Measuring and Displaying Compliance with Policy.

1. Purpose. Congress closely monitors flying hours and equates them with readiness and combat capability. Through the Air Force Cost Analysis Improvement Group (AFCAIG) process, Headquarters United States Air Force Logistics Division (HQ USAF/IL) and Secretary of the Air Force Cost and Economics Division (SAF/FM) maintain responsibility for development of cost per flying hour (CPFH) logistics cost factors directly associated with the Operations & Maintenance (O&M) flying hour program. To ensure maximum resources are available to support mission expectations, the Air Force Reserve (AFRES) must establish and maintain an effective AFCAIG CPFH program. This directive establishes policy for the AFRES AFCAIG CPFH program. This directive applies to all Air Force Reserve personnel involved in managing, tracking, reporting, and analyzing the AFRES AFCAIG CPFH program. See attachment 1 for measures used to comply with the policy.

2. The Air Force Reserve:

2.1. Programs and budgets for the AFRES AFCAIG CPFH resources needed to support its fiscal year Operations & Maintenance (O&M) flying hour program. AFRES AFCAIG CPFH resources include Depot Level Reparables (DLR), System Support Division(SSD) and General Support Division (GSD) flying consumable supplies, and aviation fuel (AVFUEL).

2.2. Tracks AFRES AFCAIG CPFH execution, identifies potential program funding shortfalls, and analyzes reasons for CPFH variances.

2.3. Increases management focus on weapon system resource management to include advance planning for program requirements and cost accountability.

2.4. Operates and maintains weapon systems in a cost-effective manner and identifies cost savings initiatives to reduce overall O&M costs.

3. Responsibilities:

3.1. HQ AFRES/LG/FM provides total management oversight of the AFRES AFCAIG CPFH program.

3.2. HQ AFRES/FM/LG jointly develops the AFRES recommended AFCAIG CPFH factors in response to the annual Air Staff tasking.

3.3. HQ AFRES/LG establishes unit AFRES AFCAIG CPFH targets based on anticipated program requirements identified in the unit AFCAIG submittal and financial plan.

3.4. HQ AFRES/LG provides HQ AFRES/FM the recommended AFRES AFCAIG CPFH program funding needed to support the O&M flying hour program.

3.5. HQ AFRES/LG provides command resource management advocacy and tracks the total AFRES AFCAIG CPFH execution for each Mission Design Series (MDS) aircraft.

3.6. Numbered Air Forces (NAF) and AFRES units/base logistics activities review the actual CPFH execution and notify HQ AFRES/LG staff of significant program requirement changes affecting the AFRES AFCAIG CPFH execution rates and program funding.

3.6.1. Units/bases establish and maintain visibility of the weapon system program requirements affecting their current and future AFRC AFCAIG CPFH.

3.6.2. Units/bases track the weapon system operating costs to the level of detail needed to identify reasons for CPFH variances between their unit target CPFH and actual execution CPFH.

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Commander

Attachment 1

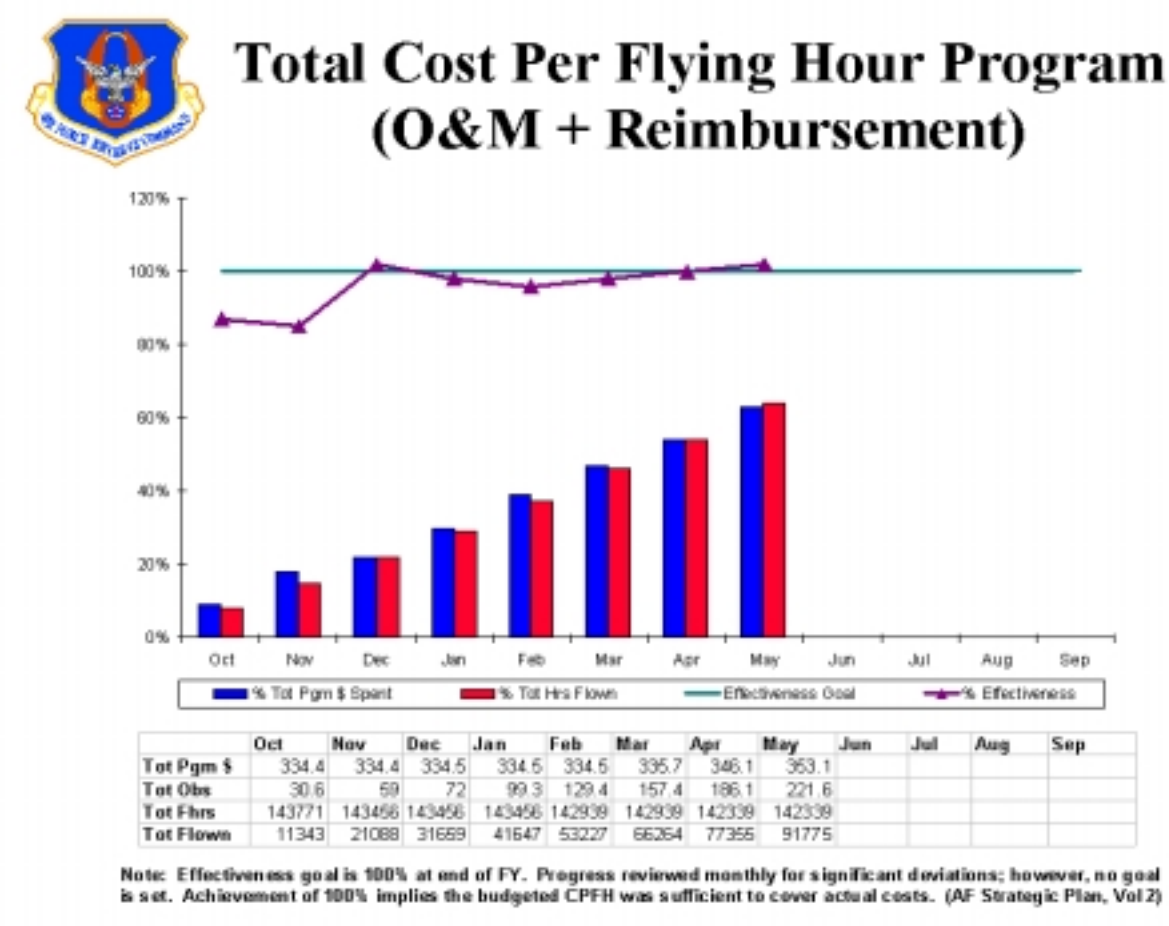
MEASURING AND DISPLAYING COMPLIANCE WITH POLICY

A1.1. Compliance with the AFRC AFCAIG CPFH program will be measured by analyzing the AFCAIG approved CPFH rates against the execution CPFH rates for each MDS.

A1.1.1. CPFH includes both fixed and variable elements of expense. Variable elements are costs that vary directly with changes in flying hours. The CPFH is calculated based on the dollars associated with those elements divided by the associated flying hours. A comparison of the actual CPFH against the approved CPFH measures how well AFRC is controlling the costs to fly the approved program. Measuring on a per hour basis provides a consistent metric that prevents distortions due to under-fly or over-fly situations.

A1.1.2. See sample of AFRC AFCAIG CPFH Metric (figure A1.1). Data Sources: The AFCAIG approved factors that reside in ABIDES and are published in AFI 65-503. Historical/actual execution will be extracted from the financial system BQ data.

Figure A1.1. Sample AFRC AFCAIG CPFH Metric.



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Tot Pgm $	334.4	334.4	334.5	334.5	334.5	335.7	346.1	353.1				
Tot Obs	30.6	59	72	99.3	129.4	157.4	186.1	221.6				
Tot Fhrs	143771	143466	143456	143456	142939	142939	142339	142339				
Tot Flown	11343	21088	31669	41647	53227	66264	77355	91775				

Note: Effectiveness goal is 100% at end of FY. Progress reviewed monthly for significant deviations; however, no goal is set. Achievement of 100% implies the budgeted CPFH was sufficient to cover actual costs. (AF Strategic Plan, Vol 2)

A1.1.3. Desired trend is to have CPFH rate execution equal to or less than the approved AFCAIG rate at the end of the fiscal year. Progress should be reviewed monthly for significant deviations; however,

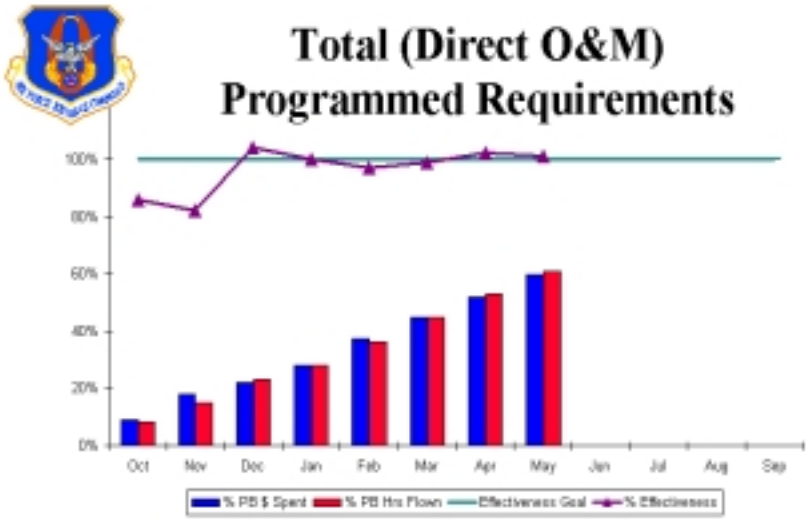
no goal should be set. Achievement of the desired trend implies that the approved AFCAIG rate was an accurate estimate of the requirements.

A1.1.4. Key Assumptions. There are two main assumptions that underlie this metric: (1) The approved budgeted CPFH is an accurate estimate of the requirements and (2) the actual aircraft utilization, missions flown, and maintenance concepts are similar to what was forecasted. Any deviations to the programmed assumptions during the execution year can affect the accuracy of the measure, for example, contingency operations.

A1.2. Compliance with the AFRC AFCAIG CPFH program will also be measured by analyzing the effectiveness of AFRC in funding and executing the flying hour program. Both the total program with reimbursements and the direct O&M only program will be measured. The total program metric is the Percent Total Hours Flown divided by the Percent Total Dollars Spent and is expressed as a percent. The direct O&M metric is the Percent President's Budget (PB) Hours Flown divided by the Percent PB Dollars Spent and is expressed as a percent.

A1.2.1. See sample metrics (Figure A1.2 and Figure A1.3). Figure A1.2 Calculation Formula: 100 X (Percent Total Hours Flown/Percent Total Dollars Spent). Figure A1.3 Calculation Formula: 100 X (Percent PB Hours Flown /Percent PB Dollars Spent). Data Source(s): Hours flown will be obtained from HQ DOTS monthly flying hour report. Hours programmed will be obtained from ABIDES. Dollars budgeted will be obtained from ABIDES. Dollars spent will be obtained for the financial system BQ data.

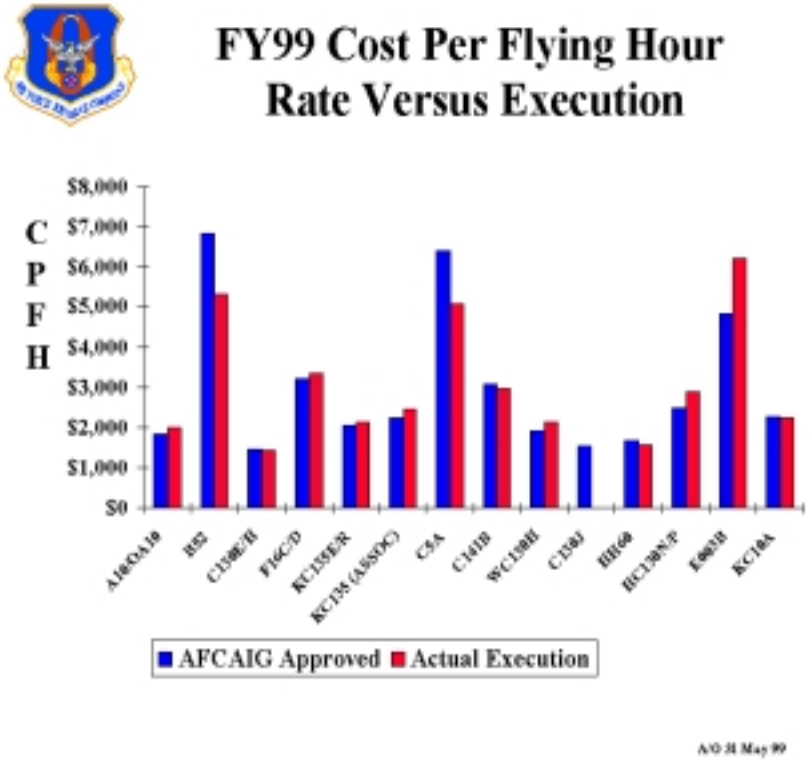
Figure A1.2. Sample CPFH O&M + Reimbursement.



	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
PB Pgm $	303.7	303.7	303.8	303.8	303.7	364.6	314.9	314.9				
PB Obs	28.2	55	68	86.3	112.5	136.7	162.8	192.9				
PB Hrs	135159	134844	134844	134844	134327	134327	133727	133727				
PB Flown	10725	19919	30468	38265	48341	58860	70518	80999				

Note: Effectiveness goal is 100% at end of FY. Progress reviewed monthly for significant deviations; however, no goal is set. Achievement of 100% implies the budgeted CPFH was sufficient to cover actual costs. (AF Strategic Plan, Vol 2)

Figure A1.3. Sample Total Programmed Requirements.



A1.2.2. The annual target is 100% at the end of the fiscal year. Progress should be reviewed monthly for significant deviations; however, no goal should be set. Achievement of 100 percent at the end of the fiscal year implies the budgeted cost per flying hour was sufficient to cover actual costs and that the flying units received sufficient dollars to fly their hours. Values above 100 imply over-funding while values less than 100 imply under-funding. Significant deviations from 100 percent should be reviewed to determine the cause (under-funding; over-funding, improperly costed flying hours, etc.) and to determine corrective action required to fix problems.

A1.2.3. Key assumptions: Flying hours are programmed to requirements and funded as necessary, and the AF Cost Analysis Improvement Group (AFCAIG) cost per flying hour is correct.